

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS MAY 31, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
May 31, 2006

Balance Sheet:

Due from Credit Unions — of \$0.8 million represents the remaining balance of one percent deposit adjustments due from credit unions on April 17, 2006.

Cash — includes \$10.2 thousand in collections on one percent deposit adjustments received after the overnight investment was made on May 31, 2006.

Interest Receivable — net decrease of \$11.2 million is due to a combination of \$16.3 million in accrued interest earned in May and payments of \$27.5 million received by the NCUSIF in May.

Prepaid & Deferred Charges — is \$(0.2) million for May. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. May's actual operating costs were \$7.2 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$72.3 million includes additional reserves of \$1.6 million for May.

NCUSIF Equity — remained at 1.30% for May. The equity ratio is based upon an insured share base of \$514.9 billion.

Statement of Revenue and Expense:

Investment Income — is approximately \$1.7 million more than the previous month due to one more calendar day in May in which interest was earned, and the maturity of several low yielding (1.71-1.89 percent) treasury notes reinvested at higher overnight rates and three higher yielding treasury notes (4.96 - 4.97 percent) purchased the end of April.

NCUSIF Total Operating Expense — of \$7.3 million includes \$128.3 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$1.6 million for May. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
May 31, 2006

ASSETS	MAY 2005	APRIL 2006	MAY 2006
Investments:			
U.S. Government Securities	\$6,434,728,716.72	\$6,671,873,528.62	\$6,700,389,765.01
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	725,015.91	2,019,533.32	754,087.79
Loans due to NCUSIF	7,344,577.92	0.00	0.00
Recoveries from Liq. CU	22,570,809.62	14,357,450.61	14,635,437.76
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Total Other Receivables	30,640,403.45	16,376,983.93	15,389,525.55
Cash	6,388.35	203,086.50	15,958.87
Interest Receivable	34,127,650.95	55,676,863.25	44,514,024.59
Prepaid & Deferred Charges	526,973.85	423,582.39	(214,219.13)
Leased Assets	378,863.87	987,842.92	959,666.13
Other	24,585,654.94	23,354,936.77	23,243,091.98
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TOTAL ASSETS	\$6,524,994,652.13	\$6,768,896,824.38	\$6,784,297,813.00
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$16,161,532.69	\$5,396,014.33	\$5,552,510.46
Other	12,091.70	598,302.02	596,439.47
Check Clearing Accounts	17,990.73	715,315.47	58,558.24
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	16,191,615.12	6,709,631.82	6,207,508.17
Provision for CU Losses (Reserves)	69,596,597.62	70,833,942.75	72,321,889.68
Lease Liabilities	315,746.14	983,838.34	984,244.74
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TOTAL LIABILITIES	\$86,103,958.88	\$78,527,412.91	\$79,513,642.59 1/
EQUITY			
CU Contributed Capital	\$4,998,862,182.36	\$5,148,735,026.13	\$5,150,280,418.23
Retained Earnings	1,440,028,510.89	1,541,634,385.34	1,554,503,752.18
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TOTAL EQUITY	\$6,438,890,693.25	\$6,690,369,411.47	\$6,704,784,170.41
TOTAL LIABILITIES & EQUITY	\$6,524,994,652.13	\$6,768,896,824.38	\$6,784,297,813.00
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending May 31, 2006

		MAY 05	APR 06	MAY 06
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, \$11.6 million in outstanding line of credit guarantees, and \$1.4 million in an indemnification expiring in Dec 06.	1. Investments/Total Assets	98.62%	97.57%	98.76%
	2. Total Equity/Insured Shares	1.29%	1.30%	1.30%
	3. Prov. for Losses/CU Capital	1.39%	1.38%	1.40%
	4. Non-Earning/Total Assets	1.01%	1.09%	0.89%
	5. Available Asset Ratio	1.26%	1.26%	1.27%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING MAY 31, 2006

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	\$21,759,434.64	\$20,000,000.00	\$98,373,509.97	\$108,000,000.00	\$62,159,087.60
Other Income	87,418.82	70,000.00	350,704.31	\$350,000.00	229,475.80
Total Income	21,846,853.46	20,070,000.00	98,724,214.28	108,350,000.00	62,388,563.40
EXPENSE					
Employee Pay	4,306,156.14	4,460,573.01	\$20,209,809.39	20,943,373.91	19,278,992.89
Employee Benefits	1,164,772.73	1,205,025.79	\$5,376,701.39	5,673,072.34	5,054,106.67
Employee Travel	717,547.02	653,807.06	\$2,360,827.70	3,669,372.63	2,142,214.60
Rent/Communications/Utilities	218,935.24	189,990.66	\$867,345.60	949,953.33	790,091.82
Administrative Costs	455,174.64	557,187.26	\$2,381,034.71	2,785,936.32	2,483,451.23
Contracted Services	351,633.36	421,880.23	\$1,161,567.93	2,109,401.14	1,035,144.10
Subtotal NCUA Operating Exp.	7,214,219.13	7,488,464.01	32,357,286.72	36,131,109.67	30,784,001.31
AMAC Expense	0.00	1,000.00	2,714.87	5,000.00	304.25
Training Expense	77,995.50	100,000.00	257,402.54	500,000.00	293,873.06
Leasing Expense	28,583.19	32,000.00	218,056.62	160,000.00	140,168.03
Other Insurance Expense	21,688.80	5,000.00	37,029.25	25,000.00	14,100.92
Total Operating Exp.	7,342,486.62	7,626,464.01	32,872,490.00	36,821,109.67	31,232,447.57
Insurance Loss	1,635,000.00	2,000,000.00	1,761,000.00	10,000,000.00	7,291,862.49
Total Expense	8,977,486.62	9,626,464.01	34,633,490.00	46,821,109.67	38,524,310.06
NET INCOME	\$12,869,366.84	\$10,443,535.99	\$64,090,724.28	\$61,528,890.33	\$23,864,253.34
Retained Earnings, Beginning of Year			\$1,490,413,027.90		\$1,416,164,257.55
Prior Year Adjustment			0.00		0.00
As Restated			1,490,413,027.90		1,416,164,257.55
Net Income			64,090,724.28		23,864,253.34
Dividends			0.00		0.00
Retained Earnings, Year To Date			\$1,554,503,752.18		\$1,440,028,510.89

Comparative Analysis of NCUSIF Ratios for May 31, 2006

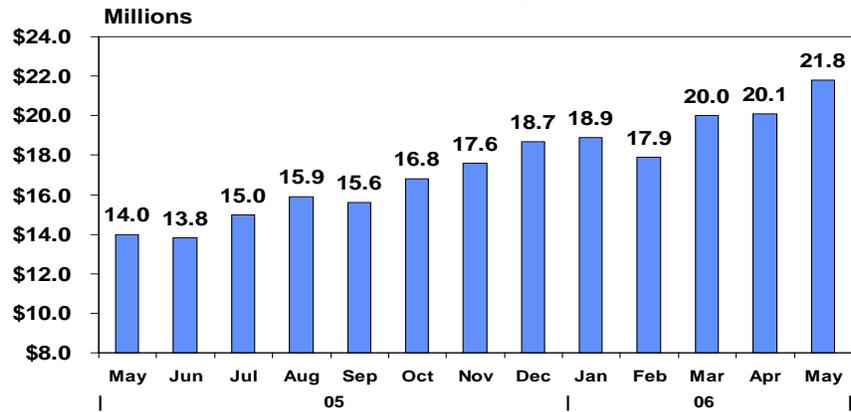
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	33.39%	33.61%	50.06%	33.30%
2. Ins. Loss/Total Income	-0.94%	7.48%	11.69%	1.78%
3. Total Exp./Total Income	32.44%	41.09%	61.75%	35.08%
4. Net Income/Total Income	67.56%	58.91%	38.25%	64.92%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
May 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$105,961,538.18
Other income received	350,704.31
Cash paid for operating expenses	(34,279,706.49)
Net cash (paid) received for insurance losses	<u>(2,166,817.85)</u>
Net cash provided by operating activities	69,865,718.15
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(93,619,127.19)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>532,457.71</u>
Net cash provided by (used in) investing activities	(93,086,669.48)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	23,231,402.18
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	23,231,402.18
NET INCREASE (DECREASE) IN CASH	10,450.85
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING MAY 31, 2006	<u>\$15,958.87</u>

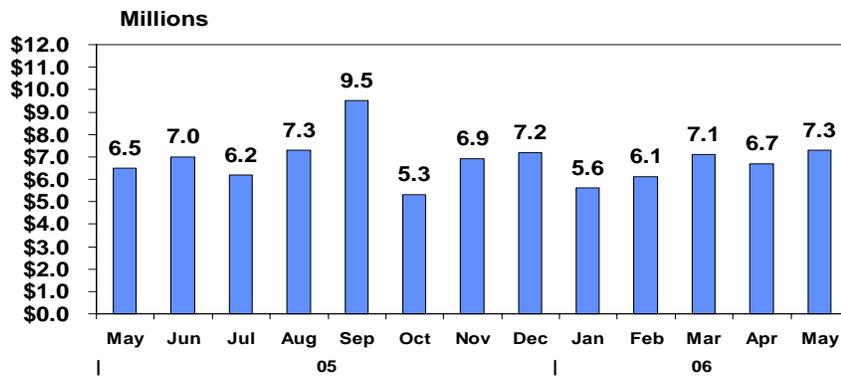
GROSS INCOME

May 05 – May 06



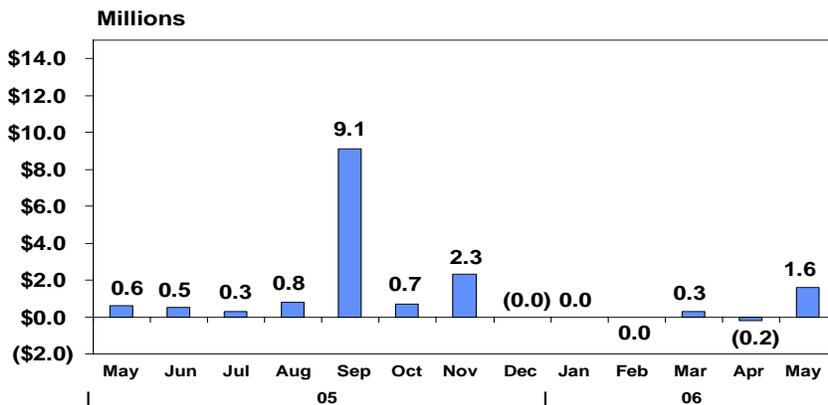
OPERATING EXPENSE

May 05 – May 06



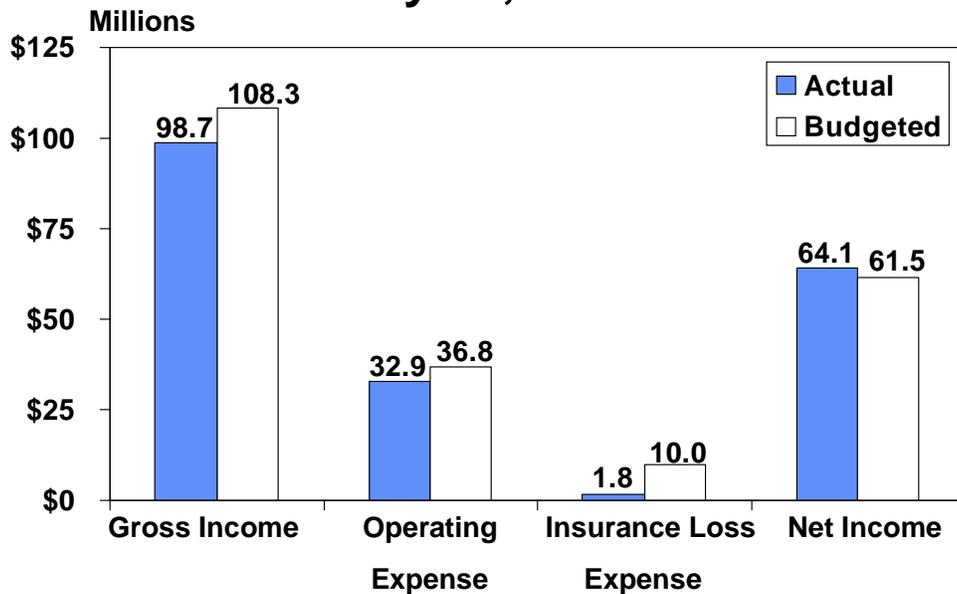
INSURANCE LOSS EXPENSE

May 05 – May 06



REVENUE AND EXPENSE

May 31, 2006



NCUSIF EQUITY RATIO

May 31, 2006

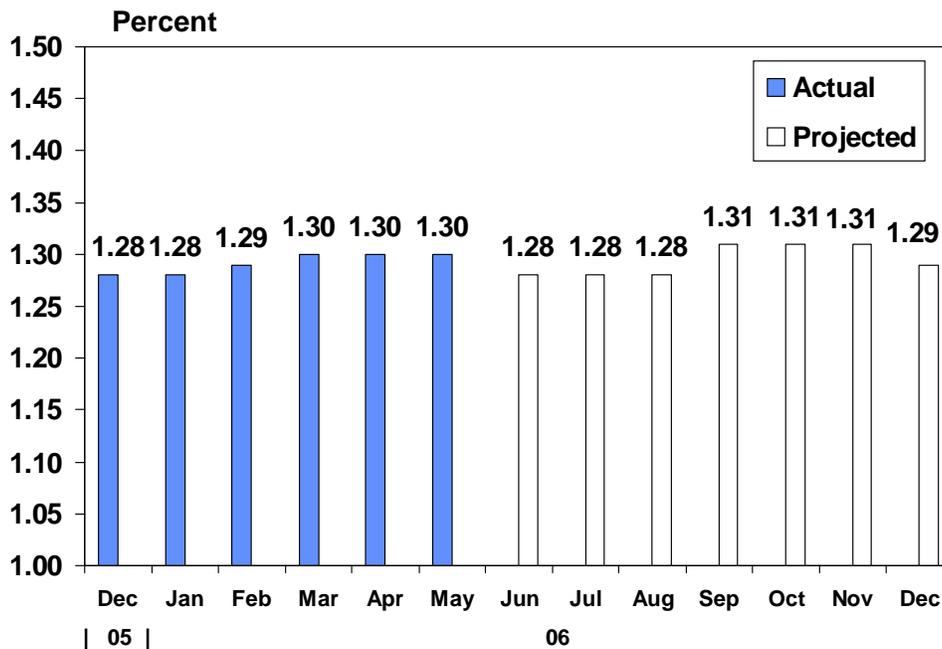


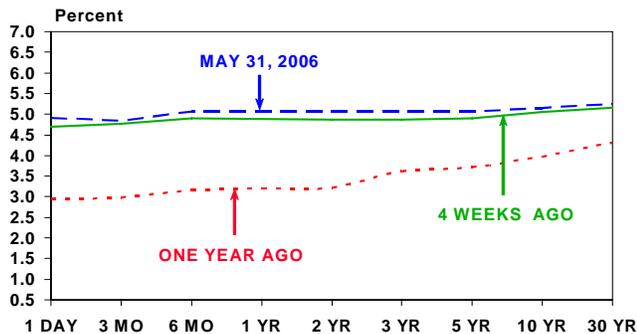
TABLE 4

INVESTMENT PORTFOLIO SUMMARY

May 31, 2006

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,533,054,000	\$1,533,054,000	\$0	100.0%	4.83%
U.S. Treasury Notes	\$5,167,335,765	\$5,089,375,000	(\$77,960,765)	98.5%	3.58%
TOTAL	\$6,700,389,765	\$6,622,429,000	(\$77,960,765)	98.8%	3.85%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY06 Projections	
Investment Yield	3.60%	3.77%	3.54%	4.00%	
Investment Income	\$20,009,879	\$21,759,435	\$98,373,510	248 Million	
Income Budgeted	\$22,000,000	\$20,000,000	\$108,000,000	248 Million	
Income/Budgeted Ratio	91.0%	108.8%	91.1%	100.00%	
Weighted Avg. Maturity in Days	516	490			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	2,133.1				
3 months - 1 year	1,400.0				
1 year - 2 years	1,600.0				
2 years - 3 years	600.0				
3 years - 4 years	200.0				
4 years - 5 years	800.0				
TOTAL	\$6,733.1				

TREASURY YIELD CURVE



MATURITY SCHEDULE

May 31, 2006

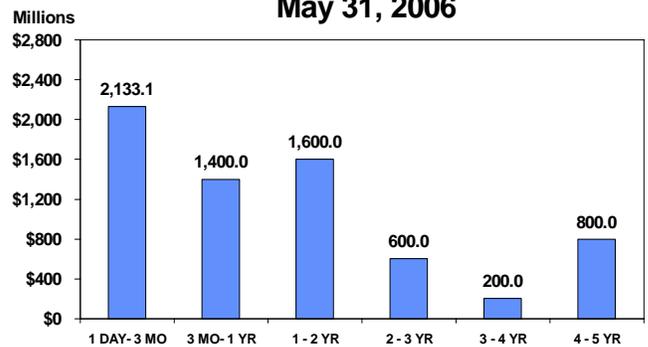


TABLE 5

MONTHLY YIELD COMPARISONS

May 31, 2006

YIELD COMPARISONS								
	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
NCUSIF Yield	2.95%	3.19%	3.27%	3.31%	3.45%	3.52%	3.60%	3.77%
90 day T-Bill	3.95%	3.94%	4.09%	4.45%	4.61%	4.62%	4.76%	4.84%
1 year T-Bill	4.28%	4.33%	4.38%	4.56%	4.71%	4.82%	4.89%	5.06%
2 year T-Note	4.39%	4.40%	4.40%	4.52%	4.67%	4.85%	4.87%	5.05%
30 year T-Note	4.74%	4.69%	4.56%	4.69%	4.53%	4.93%	5.15%	5.24%

YIELD COMPARISONS
May 31, 2006

